Economic Security for Extremely Vulnerable Families:

Themes and Options for Workforce Development and Asset Strategies

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[1] Olivia Golden is an Institute Fellow, and Pamela Loprest and Gregory Mills are Senior Fellows at the Urban Institute. All opinions expressed in this paper are those of the authors alone and should not be attributed to the Urban Institute or its officers or trustees.

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Executive Summary

The overarching goal of this paper is to identify promising approaches that the Annie E. Casey Foundation's Center for Community and Economic Opportunity (CCEO) could take to help low-income families whose children have a heightened likelihood of poor outcomes because their parents face multiple risks. The paper draws from its authors' own research, their review of relevant literature, and learning sessions conducted by CCEO in Washington, DC, Chicago, and Portland, Maine, to gather input from service providers, policy and program experts, and researchers.[2] In addition to the findings' direct relevance to CCEO, they should also interest policymakers, philanthropic funders, and service providers interested in future directions for workforce and asset policy, economic stability for vulnerable children and families, and two-generational service delivery.

The paper concentrates on the workforce development and assets portions of CCEO's expertise and portfolio. This focus arises from CCEO's judgment that programs in these two fields are particularly hard to retool in order to address the needs of the most vulnerable families—rather than those of other low-income families whose barriers are mostly financial and who experience fewer crises and less overwhelming barriers to success. It also fills a gap that emerged from the learning sessions: few researchers or service providers experienced in working with very vulnerable families felt confident offering suggestions to improve their economic security, even though financial vulnerability worsened these families' other challenges. And finally, it emerges from the shared perspective of CCEO and the paper's authors that workforce development and asset programs have an important role to play in helping troubled families and that addressing both areas together could create synergy and enhance families' success over time.

The paper concludes that programs *can succeed* at improving the skills and employability of extremely vulnerable parents (workforce development) and increasing their savings to help tide them through emergencies (asset development). While the evidence is incomplete, it is on balance promising.

That said, innovation will be key to achieve larger and more consistent improvements for these families. In particular, the evaluation evidence suggests the following changes:

- Interventions that succeed for these families are likely to be "higher touch" than for other low-income families—in particular, they will likely require more intensive case management—and to last longer.
- As a result, up-front costs per family for the interventions may be higher. However, benefits could also be higher, given the extremely low level of economic security these families experience in the absence of intervention.
- Three additional components, not typically included in today's workforce and asset programs, seem likely to be important: strong health partnerships, because of the major health and mental

[2] Olivia Golden, an author of this paper, facilitated the Washington, DC, and Chicago sessions. See Golden and Stanczyk (2011) and Golden and Stanczyk (2010) for a summary of themes from the learning sessions.

health challenges faced by these vulnerable families; income support to meet basic needs during the program period, for example, through benefits access improvements; and a two-generational focus, addressing children's as well as parents' needs, through partnerships with other programs.

The number of extremely vulnerable families that need these higher-intensity interventions is far less than the total number of low-income families. While evidence is incomplete, our best guess is that about 1 in 10 to 1 in 4 low-income families would fit into this high-need category. We offer several different targeting options that CCEO could test as part of a pilot phase.

Besides potential interventions, the paper also highlights opportunities for CCEO to inform policy and support targeted research to advance this agenda. The policy opportunities include supporting child care as a component of workforce development initiatives, supporting less stringent asset program designs with a longer time horizon, and ensuring that state policymakers understand that treating vulnerable parents' health and mental health problems can improve employment and economic security. Helping state officials make this last link is particularly timely right now, as they are making decisions about benefit packages and eligibility under the Affordable Care Act.

The targeted research activities that could most enhance future interventions include support for studies about what works for whom—that is, studies that focus on subgroups within the low-income population to improve knowledge about how well interventions fit with needs. Longer-term studies that track costs and benefits for both parents and children, studies that home in on implementation challenges and solutions, and studies that help practitioners define interim measures of success to keep programs on track would also be helpful.

I. Introduction

The overarching goal of this paper is to identify promising approaches that the Annie E. Casey Foundation's Center for Community and Economic Opportunity (CCEO) could take to help low-income families whose children have a heightened likelihood of poor outcomes because their parents face multiple risks. The paper draws from its authors' own research, their review of relevant literature, and learning sessions conducted by CCEO in Washington, DC, Chicago, and Portland, Maine, to gather input from service providers, policy and program experts, and researchers. In addition to their direct relevance to CCEO, the findings should also interest policymakers, philanthropic funders, and service providers interested in two-generational service delivery, in economic stability for vulnerable children and families, and in future directions for workforce and asset policy.

The paper concentrates on the workforce development and assets portions of CCEO's expertise and portfolio. This focus fills a gap that emerged from the learning sessions: few researchers or service providers experienced working with very vulnerable families had suggestions to improve their economic security, even though it was clear that financial vulnerability worsened these families' other challenges. It also arises from CCEO's judgment that programs in these two fields are particularly hard to retool so they can address the needs of the most vulnerable families—rather than those of other low-income families whose barriers are mostly financial and who experience fewer crises and less overwhelming barriers to success. And finally, it emerges from the shared perspective of CCEO and the paper's authors that workforce development and asset programs have an important role to play in helping troubled families and that addressing both areas together could create synergy and enhance families' success over time.

Thus, this paper seeks to answer the following question: what does it take to create a pathway to success, or at least stability, by way of workforce and asset development for families facing such challenges as health and mental health problems, substance abuse, a child's or parent's disability, very low educational level, and lack of English language skills, in addition to their low incomes?

The paper begins (Section II) by summarizing evidence about who these vulnerable families are and how many they are. Designing programs well depends on understanding the specific challenges families face—caring with little support for a disabled child, having scant education, and suffering from depression all may hinder parents' ability to succeed at work and further disadvantage children, but they may demand quite different solutions. And having a sense of how many low-income families have these added vulnerabilities is important for thinking about the scale of public and private investment needed to make a difference, as well as the best approach to identifying and targeting families.

Second, the paper considers the evidence about the effectiveness of workforce and asset development programs for particularly vulnerable families. Section III (workforce programs) and Section IV (asset development programs) identify the major types of programs that have been evaluated, the key themes about program effectiveness for vulnerable families, and any evidence about what program components or approaches work best for them.

Finally, Section V of the paper draws out the implications of these findings for integrated interventions targeted to very vulnerable families. It suggests interventions that CCEO could consider piloting, using evidence not only from program-specific evaluations but also from broader research about effective services for the most vulnerable. The paper concludes with suggestions for targeted policy and research opportunities CCEO could consider as well: specific opportunities to support better-informed policy and to fill gaps in the research that hinder successful innovation.

II. Who Are the Families? What Do We Know about Low-Income Families Whose Children Are at Heightened Risk of Poor Outcomes?

Developing policy and practice interventions for low-income families whose children are at heightened risk because of parental challenges requires some sense of who these families are and how many they are. Answering these questions was a focus of the learning sessions, which included researchers and practitioners who have used a variety of lenses to identify very vulnerable families. Since the learning sessions were completed, additional research by Pamela Loprest, an author of this paper, has provided much more detail about one of those perspectives, a look at single mothers who are disconnected from both cash welfare programs and employment.

A. What Are the Characteristics of Very Vulnerable Families? How Many Are There?

While no research has yet defined vulnerability exactly according to CCEO's definition, researchers have studied highly vulnerable families using many related lenses. Studies typically define the most vulnerable among low-income families based on the core research goals: for example, those with the most unstable housing might be most vulnerable in a housing study, while those with the fewest hours of work and lowest income might be most vulnerable in a study of employment. In general, the studies find that the extremely vulnerable families represent well under half of the broader group of low-income families and sometimes as few as 1 in 10—but different studies are hard to compare because they analyze different universes of families, different definitions of extreme vulnerability, and different locations. One study does offer an estimate from a national sample, using the lens of family income and employment and estimating the size of a vulnerable subgroup known as disconnected mothers: mothers who are unmarried and neither working nor receiving cash welfare (TANF or SSI). The authors find that about 1 in 5 low-income single mothers is disconnected, or 1.2 million mothers at a point in time in 2008 (Loprest and Nichols 2011).

A brief review of findings from studies discussed at the three learning meetings, focusing on the characteristics of particularly vulnerable families and (where available) their number, illustrates that the groups identified from different perspectives overlap but are not identical.

Families identified as particularly vulnerable through a housing lens

The "Hard to House"— Approximately 20–30 percent of public housing residents in smaller cities and municipalities and up to 50 percent of public housing residents in large cities face significant barriers. The least vulnerable within this group do not face a large number of challenges but rather are hindered in finding a next place to live by the fact that they have been in public housing for so long (Popkin 2010). However, two other subgroups are extremely vulnerable:

- **"Aging and distressed"**—These families make up roughly 22 percent of the hard-to-house population. The average age of adults in these families is 50. They have extremely poor physical and mental health, are disconnected from the labor force, have extremely low levels of education, and are parenting children and/or grandchildren.
- **"High risk"**—These families make up approximately 40 percent of the hard-to-house population. They are headed by younger adults already showing poor health. They have weak labor force connections, most don't have a high school diploma or GED, and most are parenting (Popkin 2010).

Churning Movers. A subpopulation of low-income families moves with great frequency. These moves may be a symptom of instability and insecurity. One study showed that in three years, over half of families in a low-income sample moved, and of those movers almost half did not gain increases in neighborhood amenities or satisfaction through their move. These "churning" families tend to be headed by young parents, have very low incomes, and be uninvolved in neighborhood organizations or activities (Coulton, Theodos, and Turner 2009).

Families at risk of child abuse and neglect

These families are characterized by risk factors, including child's disability, parent's depression, a parent's history of childhood abuse and victimization, domestic violence, family substance abuse, poverty, social isolation and neighborhood violence, and/or unemployment. The presentation to the learning session focused on two subgroups that offer particular opportunities for intervention (Macomber 2010):

Maternal depression. Eleven percent of infants living in poverty have a mother suffering severe depression, and these families are more likely than other low-income families to face substance abuse and physical health challenges (Vericker, Macomber, and Golden 2010). (More than half of infants in poverty have a mother reporting depressive symptoms at some level, mild, moderate, or severe.)

Parenting foster youth and former foster youth. By age 23–24, two-thirds of female former foster youth and half of male former foster youth are parenting (rates are more than double national averages at both time points). These families have many other disadvantages and offer an opportunity for two-generational intervention.

The hard to employ

Sanctioned TANF families. The number of sanctioned TANF families varies greatly from one jurisdiction to another, reflecting differences in state and local TANF policies. In 2002, approximately one-quarter of Washington, DC, families receiving TANF were facing sanction. These families are very vulnerable and face higher rates of physical health problems, mental health problems, chemical dependence, domestic violence, and other risk factors than TANF families not facing sanction (Acs and Loprest 2003).

"Disconnected" youth. Youth also face disconnectedness; a study of DC youth shows that approximately 7.5 percent of DC youth are neither in school nor employed. These youth face poor outcomes including arrests and juvenile detention (Tatian et al. 2008).

Rural, isolated families. Vulnerable rural families face many particular barriers to employment including low community valuation of educational attainment, limited job availability, and transportation barriers. In addition, the isolation of rural communities can be a barrier to service provision (Bean 2010).

"Disconnected" families. Poverty researchers are increasingly concerned about a group of very low income mothers who are not on welfare or working. A fuller discussion below summarizes recent findings about these families by Pamela Loprest, one of the authors of this paper.

B. A Detailed Example: The Characteristics of Disconnected Families

Using the lens of disconnected families offers an opportunity to understand in depth the characteristics of a particularly vulnerable group of families. This is because one of the authors of this paper has just completed a rigorous data analysis using national survey data, as well as a synthesis of other studies on the topic. As indicated earlier, about 20–25 percent of low-income single mothers are disconnected. These families are extremely low income, with median income for the immediate family (the mother and her minor children) under $1,000 on an annualized basis, compared to a median income of almost $13,000 for other low-income single mothers.[3] In addition, the share of single-mother families who are disconnected has increased over the past 15 years (Loprest and Nichols 2011).

While most research about these families has focused on the parents' barriers to employment, children in these families face heightened risks as well. About 75 percent of disconnected mothers have barriers to employment, including poor physical health, mental health problems such as depression, low education, and lack of English skills. Almost all of these barriers are also risks to children's development (Loprest 2011). Among the barriers of most concern for their effect on children, studies have indicated that disconnected mothers have higher rates of drug use and of depressive symptoms than other former welfare recipients, poorer physical health than other former welfare recipients and higher rates of health problems that create a barrier to work than other low-income single mothers, higher rates of parenting stress than other current and former welfare recipients, and lower likelihood of a high school diploma than other former welfare recipients or other low-income single mothers (Golden et al. forthcoming).

Even more concerning, many disconnected mothers experience multiple challenges, which is particularly damaging to children. Much child development research indicates that the cumulative effect on children of multiple risk factors is more than the simple additive effect of the risks (National Research Council and Institute of Medicine 2000; Shonkoff, Boyce, and McEwen 2009).

Two other characteristics of disconnected mothers are important to the design of interventions. First, these families are particularly likely to include very young children: a larger share of disconnected mothers than of all low-income single mothers are pregnant or caring for a young child (Loprest and Nichols 2011). Early childhood is a point of particular developmental vulnerability, meaning that a family's well-being during pregnancy and infancy is especially important to the child's healthy development. To respond effectively, interventions for extremely vulnerable families need to take into account the specific issues faced by mothers of infants—the practical constraints they face regarding transportation and work as well as the risk that inadequate child care poses for babies (Golden et al. forthcoming).

Second, a larger share of disconnected mothers than of all low-income single mothers are not U.S. citizens—about 15 percent in the most recent data (Loprest and Nichols 2011). This subgroup may be

[3] Adding in the income of other household members raises both numbers (to $18,049 for disconnected mothers and $23,682 for other low-income single mothers), but the authors point out that we do not know how much of that income is actually available to the mother and her children (Loprest and Nichols 2011).

important to look at separately, since the reasons these mothers are disconnected from work and assistance may be different from other mothers', and the intervention and policy implications could differ correspondingly. In their forthcoming paper, Golden and colleagues address policies to improve the well-being of children in these families. However, we do not propose interventions targeted to them in this paper, given that the emphasis here on workforce development and asset development is less suited to unauthorized parents.

C. Consistent Findings about Family Vulnerabilities and Barriers[4]

While the families identified through these different lenses are not identical, several common themes appear.

Prevalence of health, mental health, and substance abuse issues

Perhaps the most striking common theme is that families that are vulnerable using any of these lenses or definitions—hard-to-house families in public housing, families at risk of child abuse and neglect, sanctioned TANF families, disconnected families—face substantial levels of medical and mental health problems. The learning sessions produced even more emphasis on this point; according to a thematic summary of the meetings (Golden and Stanczyk 2011, 2), "Research presented at the sessions provided detailed evidence of very great challenges to physical and mental health, in many cases amounting to significant disability." For example, one major lesson reported at the Chicago meeting from the Chicago Case Management Demonstration study was the importance of having an on-site clinical psychiatrist to address residents' mental health challenges. A focus on rural poverty also reveals the ubiquity of mental and physical health challenges among very vulnerable families. And service providers from many settings emphasized the implications when both parent and child are constantly at risk of major medical or mental health crises, frequently upsetting any longer-run service plan (Golden and Stanczyk 2011).

Multiple co-occurring challenges

All of the studies cited suggest that a substantial number of families that are especially vulnerable using one criterion or lens will also have many other co-occurring challenges. For example, poor families identified as vulnerable because of a mother's depression are particularly likely to also experience domestic violence and substance abuse; disconnected families often have a cluster of problems including very low education, health and mental health problems, and lack of job history; hard-to-house families also have low education, health problems so severe they often amount to disability, and weak connections to the labor market. This theme has two important implications. First, child development research suggests that the consequences for children of multiple risks may be far more than additive, upping the urgency of interventions. Second, as discussed in a number of the learning sessions, service delivery for families experiencing multiple challenges—each of which can stop progress or ignite a crisis at any moment—may need a different design than for families working steadily on one clearly defined barrier.

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[4] This section draws extensively from Golden and Stanczyk (2011), which framed themes from the convening as a basis for discussion by CCEO staff.

Risks to children

On the one hand, few studies conducted from the perspective of family income and employment actually measure children's well-being (Golden et al. forthcoming). On the other, the family characteristics uncovered by those studies are among those cited as most damaging to children by developmental experts, including parental mental health problems, very limited education, and housing instability. Thus, there is strong reason for concern about the well-being of children in these families, consistent with CCEO's and AECF's underlying focus. Because of these concerns about children and the inability of service providers charged only with helping adults to fully attend to them, several of the learning sessions led to a discussion of the benefits of "two-generational" strategies, interventions that would consciously target services to both children and adults (Golden and Stanczyk 2011). We develop this theme more fully in the section on interventions below.

Variability of family circumstances over time

While some vulnerable families (such as the long-term hard to house in public housing) may be stuck in long-term, extremely distressing situations and others may experience periods of progress, both the research and the learning sessions suggest that many families cycle between periods of extreme vulnerability and periods of somewhat less distress. For example, among mothers disconnected from welfare or work, "many ….are found to move in and out of this state" while "a substantial minority are disconnected for long times," (Loprest 2011, 6). In the Chicago learning session, Project Match reported that among participants in its community-based employment program, five years after completion, 36 percent remained on steady employment pathways while the remaining 64 percent experienced unsteady or no employment pathways. In rural areas, the seasonal nature of employment can exacerbate the cyclical nature of family vulnerability.

Related but not identical to variability is instability: several of the studies suggest that vulnerable families may cycle among jobs, apartments, or key supports such as child care settings in ways that undercut families' progress and children's well-being. In addition to the employment example just given, the "churning" families described earlier from housing studies move frequently yet do not report improvement in their living situation.

High system use versus disconnection

An interesting dichotomy in the research is that some high-need families use many systems and a disproportionate amount of public services—while others are disconnected from all or most systems. On the one hand, a study of families' use of multiple services in Chicago showed that families involved in more than one service system account for 86 percent of service dollars. The most common services used include mental health treatment, substance abuse treatment, foster care, and juvenile and adult incarceration. On the other, disconnected families who are not well-connected to public supports or the private labor market face significant risks and vulnerabilities with few formal supports, as do disconnected youth who are neither in school nor employed. Both the research on disconnected mothers and the learning sessions highlighted the specific circumstances of immigrant and "mixed status" families (those with one or more noncitizen adults and one or more citizen children,). These families face particular issues of disconnection from public services, for reasons that include ineligibility, confusion about eligibility, and cumbersome eligibility processes for family members who are eligible, as well as fear of arrest and deportation.

III. Workforce Development and Very Vulnerable Families

Major personal challenges like those experienced by the vulnerable families just discussed make it extremely difficult to find or hold down full-time jobs without any intervention or support, a difficulty that is compounded for parents caring for children. While many people with one or more of these challenges do work, studies have shown that as a group, individuals facing these challenges are less likely to be employed or steadily employed and more likely than other people to rely on public benefits (Loprest and Zedlewski 2006). The purpose of this section is to review the evidence about interventions that seek to change these outcomes, by resolving or overcoming the obstacles with appropriate services or accommodating them with the right employment match.

Numerous local public agencies and publicly funded private organizations provide employment services and supports to help low-income individuals prepare for and find work. These systems include TANF work programs, programs authorized by the 1998 Workforce Investment Act, and the Vocational Rehabilitation program for adults with disabilities. Other service systems assisting particular groups of individuals, such as programs for ex-offenders or the homeless, also provide employment services.

A. Are There Successful Workforce Development Interventions for These Families?

Yes. Rigorous evidence from a number of different interventions shows improvements in employment and earnings, and reduction in specific challenges (such as substance abuse). At the same time, because these families start from such a low level of employment and earnings, they remain extremely low income even after benefiting from the intervention.

B. What Kinds of Interventions Have Worked? What Are Their Specific Results?

Much of the rigorous evidence on workforce programs' impact on improving employment and earnings for individuals with challenges comes from welfare-to-work programs. Early on, evidence from the period before welfare reform in the mid-1990s suggests that even welfare-to-work programs that were not targeted to recipients with challenges were able to raise employment and earnings for families with work challenges. However, these families began at such a low base that the outcomes are still poor (Michalopoulos, Schwartz, and Adams-Ciardullo 2001). These evaluated programs typically used a "work first" model that relied on job search assistance and the idea that recipients should take the first available job to gain work experience. For the most part, they did not include special supports or attempt to address families' barriers.

A next group of programs dates from the period after TANF was implemented, from the mid-1990s to the present, when some states created programs that specifically targeted families with work challenges, often referred to as "hard to employ." These programs used a mix of assessments, intensive case management, treatment, education and training, and work experience to help recipients prepare for and find work.[5] Some of these programs focus on providing work experiences for families while assessing their needs and providing supports to help them work. Other programs focus on providing treatment (particularly for those with physical or mental health problems) and then moving individuals into work with supports. Some used a mix of the two.

Evaluations of these programs have found successes among each of each of the models.

- The **Personal Roads to Individual Development and Employment (PRIDE)** in New York City provided TANF recipients who had work-limiting health conditions or disabilities with a mix of unpaid work experience, educational activities, and job search assistance tailored to their health problems. The program led to a 5 percent higher employment rate for the treatment group compared to the control that was sustained over four years of follow-up. The data also suggest that the program increased earnings up to 22 percent for the treatment group, though earnings effects could not be tested for statistical significance. Despite modest employment gains, many participants still did not find work. Over half of the participants did not work at all during the four-year follow-up period and those with the longest histories of welfare receipt did not make any gains in employment (Butler et al. 2012).
- The **Building Nebraska Families** program provided intensive supports including home visiting every two weeks by master's-level staff with small caseloads to teach life skills education (Meckstroth et al. 2009). While results for the majority of TANF recipients were small, recipients with multiple employment barriers had substantial increases in employment and earnings. The downside is this model was very expensive.
- The **Substance Abuse Research Demonstration (SARD)** was targeted to TANF recipients with substance abuse or dependence problems. It included intensive case management and treatment with the goals of increasing participation in treatment, reducing substance use, and increasing employment. Evaluation results show that the program did lead to increases in treatment participation and completion, abstinence, and employment (National Center on Addiction and Substance Abuse 2009).

Outside of welfare programs, there have been few rigorous evaluations of employment programs for individuals facing employment challenges. However, one important example, the Individual Placement and Support (IPS) model, targeted at individuals with severe mental health issues, has shown positive economic effects. IPS provides rapid placement in unsubsidized jobs picked to match the participant's interests, goals, and strengths. Work settings integrate program participants with other employees, and a team of specialists provides a range of supports, including on- and off-site job coaching and individual counseling or peer support through job clubs. Results have been positive in rigorous evaluation studies, even compared with those of preemployment training, transitional work, and other program models (Bond et al. 1999; Gold et al. 2006).

[5] This discussion draws on Bloom, Loprest, and Zedlewski (2011).

A quite different approach for improving outcomes for individuals with challenges is subsidized employment, giving employers wage subsidies (typically using public funds), combined with a range of supports and accommodations for workers. Such programs enable individuals with significant challenges to work in a supportive environment where they learn both job skills and work behaviors. Key components include paid time-limited employment; life skills and job readiness programs; support and supervision before, during, and possibly after the placement by job coaches and on-site mentors; case management and job search assistance; and skill building. Some programs continue to offer support for up to a year after a participant obtains permanent employment.

Despite the success of this approach in the past (e.g., the Supported Work Demonstration in the 1970s), it had rarely been implemented on a significant scale for those with major challenges to work until recently. One large-scale example comes from Washington State which operates a statewide subsidized employment program for hard-to-employ TANF recipients. TANF recipients work 20 hours a week in a temporary paid job for up to six months and spend another 20 hours a week on individualized barrier management, which can include soft skills training, mental health or substance-abuse counseling, and basic skills training. Program staff maintain close relationships with participants and their supervisors and conduct monthly workplace visits. However, no evaluation has assessed the effect of this intervention on employment or earnings.

As attention to subsidized employment strategies has increased recently, two random assignment evaluations of transitional jobs programs for the hard to employ have shown mixed results (Butler et al. 2012).

- In New York City, the Center for Employment Opportunities (CEO) provided temporary, paid jobs, subsidized by CEO, as well as support services and job placement assistance to former prisoners in New York City. Participation in the program led to increased employment early on while participants were engaged in CEO-subsidized jobs, but employment gains faded as those jobs ended. Nonetheless, the program led to reductions in recidivism and its benefits exceeded its costs.

- Similarly, in Philadelphia, a program that included a mix of temporary, subsidized employment and work-related assistance increased short-term employment and income for a very disadvantaged population of TANF participants. However, there was no increase in unsubsidized employment in the long term.

In addition, recent initiatives providing transitional jobs to low-income individuals using ARRA funding showed promise for this approach generally, with thousands reportedly finding jobs (Pavetti, Schott, and Lower-Basch 2011). Although these efforts were not formally evaluated, these initiatives and the ones described above have stimulated a next generation of subsidized work demonstrations, including ACF's Subsidized and Transitional Employment Demonstration and the U.S. Department of Labor's Enhanced Transitional Jobs Demonstration, which seek to learn from the lessons of the earlier round. For example, one potential reason employment gains were not sustained is that participants in both programs typically worked in government or a nonprofit organization where there was limited opportunity to transition into an unsubsidized, permanent job. The next-round demonstrations will seek to place participants in subsidized jobs with private employers where there is a greater potential for participants to transition to regular, unsubsidized employment and realize sustained increases in employment (Butler et al. 2012).

C. What Lessons from These Evaluations Should Shape Future Interventions?

The positive news is that several employment-focused interventions have generated employment and earnings impacts for disadvantaged individuals with significant challenges, particularly those with health issues (including substance abuse and mental health problems). Successful interventions have taken on tough challenges such as substance abuse, mental health, disability, and families with multiple problems, and they have combined work experience, specific treatment or supports to help meet challenges, case management, and skill training in various combinations.

However, even in the most successful interventions, earnings levels remain quite low, reflecting both low wages and few hours of work. This finding may argue for interventions that combine employment programs with other supports for families' economic security, including income supports that supplement work and, potentially, the asset development strategies described in the next section.

A second challenge is that most of the demonstrated effective models are relatively costly, requiring low caseloads and intensive supports. This may be the price for improving work among vulnerable families. At the same time, the benefits of intervention could be very high as well, if impacts are sustained over time. Programs that alleviate or eliminate barriers so that work is possible or accommodate challenges while promoting work hold the promise of increasing stability and well-being for families over the long term. In addition, the potential benefits to children of such programs are not generally measured in workforce studies and could be substantial under some circumstances: when interventions treat underlying problems that damage children (as in the substance abuse and depression interventions) or improve family well-being enough to ease economic insecurity.

IV. Asset Strategies and Very Vulnerable Families

Helping highly vulnerable low-income families build their assets, like helping them work and earn more, is challenging. However, the evidence strongly suggests the value of even modest assets in helping families achieve more stability in their lives, an important goal for these families. In addition, the evidence from evaluations of specific interventions, while limited in the information available about the most vulnerable families, offers insights about promising—though not yet proven-—approaches.

A. What Is the Big Picture? What Are Challenges and Opportunities for Asset Development among Vulnerable Families Nationally?

The challenges are clear. Asset-building strategies ultimately rest on the ability of households to save—that is, to conserve economic resources that are not required to meet one's current basic living needs. The fundamental challenge of applying such strategies to this target population is the fragility of their financial situation—the difficulty they have in meeting basic consumption needs. Only intermittently do they have the capacity to save—i.e., the ability to set funds aside for future needs.

In addition, these families face a number of specific sources of financial vulnerability beyond their low incomes alone. Among the most important are the following:

Volatility of earnings. This population is characterized by a high degree of month-to-month variability and unpredictability of earnings and unearned income. Analysis of SIPP data across multiple panels (1996, 2001, and 2004) indicates that, among families with children in the bottom income quintile, fully 20 percent experience a within-year drop in their average monthly income of 50 percent or more (Acs, Loprest, and Nichols 2009). Among those experiencing such substantial income drops, nearly one-half (49 percent) do not make a complete recovery in income within one year (to the pre-drop level). The volatility of income among lower-income families stems in part from the inherent variability of earned income among low-wage workers. Low-wage earners tend to experience more movement in and out of the labor force, because of temporary or seasonal employment. When in the labor force, they experience more movement in and out of jobs, as they are more subject to layoffs. When they are employed, they have greater fluctuations in weeks worked, hours worked per week, and rates of hourly pay. In part this may reflect the uncertainty of transportation or child care arrangements or their weakened resistance to illness that comes with inadequate nutritional intake.

Uncertainty of child support. A second limiting factor, for families with a parent living outside the home (custodial families), is the uncertain receipt of child support. For custodial families below the federal poverty level, only about one-quarter receive child support. For those who do, child support represents 40 percent of family income. The corresponding income share is 63 percent for those custodial families defined as "deeply poor"—below 50 percent of the poverty level (Sorensen 2010). For those receiving child support, the amount may be highly variable from month to month.

Lack of cash assistance. For the "disconnected" families described earlier, a third asset-limiting factor is the nonreceipt of means-tested cash assistance. Such income-transfer programs tend to offset somewhat the variability of earnings among low-wage workers, by the very fact that benefit levels are conditioned on earnings.

Variable expenses. A fourth limiting factor is a pronounced vulnerability to unexpected changes in expenses, such as car repairs, health emergencies, or home repairs. The vehicles, appliances, or other consumer durables that are affordable to lower-income consumers tend to be of lower reliability and tend to be used for longer periods. The lack of insurance or maintenance contracts on these items means that when they break down or are damaged and must be replaced, a significant unanticipated expense becomes necessary.

Lack of bank account. Being "unbanked"—lacking an account at an insured depository institution—is an impediment to saving. Fully 40 percent of households with below-poverty incomes are unbanked (McKernan, Ratcliffe, and Shanks 2011). The lack of a ready mechanism for making savings deposits at those times when a family finds itself with uncommitted funds can result in a lost opportunity. For instance, when a family receives its federal tax refund, potentially a substantial amount for those receiving the earned income tax credit (EITC), the unbanked may make impulsive choices with cash in hand, rather than receiving the funds into an account at a bank or credit union.

Consistent with these overall challenges, national evidence indicates that asset holdings are inadequate for most U.S. households with below-poverty income, applying the conventional standard of "asset poverty": that a household has insufficient assets to support three months of subsistence-level household consumption. For instance, recent analysis of the 2007 Survey of Consumer Finances indicates that among income-poor households (excluding those headed by persons 60 or older) 55 percent were asset poor (McKernan, Ratcliffe, and Shanks 2011).

Looking at the evidence more carefully suggests potential opportunities, however. Despite the overall averages, some low-income households are able to overcome the obstacles. These families hold appreciable asset amounts, suggesting a potential to save that can be tapped by well-designed policies. For instance, half of households with below-poverty income have net worth of $2,700 or more (McKernan, Ratcliffe, and Shanks 2011).

When vulnerable families can achieve savings, the opportunity to promote their financial security is twofold. The long-term role is to enable households to acquire major assets—real assets (such as a home or business), financial assets (such as a retirement account), or human capital (education or training)—that can appreciate in value or enhance one's future income. The short-term role—particularly crucial for families so vulnerable to capricious events—is to provide the accessible (liquid) financial resources needed to avert hardship when income unexpectedly drops or expenses suddenly rise. Assets thus provide self-insurance against emergencies. For vulnerable families, the primary focus of asset strategies must be this second, short-term imperative of weathering economic emergencies. Only when families have some measure of protection against the destabilizing influence of adverse events can they plan for longer-term asset building.

And if families can amass any savings at all, emerging evidence indicates that even small holdings of liquid assets (interest-earning assets held at financial institutions) can provide protection against material hardship for households with multiple economic challenges. For households headed by persons with a disability (unable to work or working less than 35 hours per week because of a chronic health condition or disability) and with below-median income, those holding liquid assets of up to $1,999 were significantly less likely in the succeeding year to experience a missed housing payment or a missed utility payment, compared to those with no liquid assets (Mills and Zhang 2011).

B. Are There Successful Asset-Building Interventions for These Particularly Vulnerable Families?

Several types of asset-building strategies have shown positive effects for low-income families: tax-time savings accounts, individual development accounts (or IDAs) and child development accounts (or CDAs). Positive effects include high levels of deposits in the tax-time accounts and successful maintenance of the accounts for a year, use of the tax-time accounts to address emergencies, short-term evidence that

IDAs increase the likelihood that an individual is a homeowner, and early evidence that CDA holders have higher levels of savings and total assets.

The evidence is less clear on the question of whether these initiatives work for the most vulnerable within the low-income group. For tax-time savings accounts, the group as a whole was very low-income (typically single filers with children and incomes of less than $20,000 in the prior year), but the evidence suggested that participation was highest for families with a substantial EITC benefit—meaning that those vulnerable families who had very little employment in the preceding year would be less likely to benefit. Few of the rigorous IDA evaluations looked at subgroups, but the one that did found greater effects for those with higher incomes. On the other hand, IDAs have been successfully implemented with groups that are likely very vulnerable, including ex-offenders, immigrants, and disabled persons; however, these projects did not have evaluations to assess their results.

Results from the CDA initiative, in its early stages, are promising for the most vulnerable families. While the analysis of how the effects may differ by subgroup is preliminary, the estimated treatment effects—such as whether 529 accounts have been opened and the amount of 529 savings—tend to be similar in magnitude for both advantaged and disadvantaged subgroups. That means that when the effects are measured in proportional terms, as ratios of the corresponding baseline level, the findings often indicate greater relative impacts for those with lower incomes or less education, who entered the demonstration at lower starting points on these outcome measures. (See Beverly et al. 2012.)

Thus, coming up with strategies that might work for the most vulnerable families requires piecing together evidence from multiple sources and, most likely, piloting and testing innovative approaches. After reviewing in more detail the evidence from existing evaluations, this section concludes with suggestions about what these innovative next steps might look like.

C. What Kinds of Interventions Have Been Studied? What Are Their Specific Results?

The basic principle underlying asset strategies for low-income families is to provide financial incentives to commit income amounts to savings deposits that can ultimately lead to asset purchases or to the avoidance of indebtedness or material hardship. Because such families have low tax liabilities, these incentives do not take the form of tax preferences as offered to middle- or upper-income households through 401(k) retirement plans or individual retirement accounts. Instead, low-income savings incentives come in the form of match funds tied either to deposits into a designated savings account or withdrawals from a savings account for specific forms of asset ownership and economic self-investment.

We focus here on findings from recent demonstrations of tax-time savings accounts, IDAs, and CDAs. As noted earlier, all of these potentially hold promise for very vulnerable families.

Tax-time savings accounts: $aveNYC account (New York, New York)

Starting with the 2008 tax filing season, New York City has implemented each year its $aveNYC program, through the Office of Financial Empowerment of the city's Department of Consumer Affairs. Low-income tax filers served at selected Volunteer Income Tax Assistance sites are encouraged to open a $aveNYC account into which they can deposit a portion of their federal, state, and city income tax refund. Typically their refunds come through the federal and state EITC. Participants receive a 50 percent match for deposits into the account that are held for one year. Account balances and match funds can then be withdrawn without restriction as to their use. In the first two years, match was offered for deposits of $100 to $500, with a maximum match of $250. These parameters were raised in the third year to $200 to $1,000 and $500.

Among EITC filers served at the program sites, 11 percent opened a $aveNYC account. Accountholders were an economically disadvantaged group, typically single filers with children (79 percent), with incomes of less than $20,000 in the prior year (64 percent), and without a prior bank account (50 percent).

Given these accountholder characteristics, the level of deposits and receipt of match funds were unexpectedly high. Specifically, 55 percent made the maximum matchable deposit. The average amount contributed was 76 percent of the maximum matchable amount. Fully 79 percent of accountholders maintained their deposits for the full year and received match funds, and 71 percent of accountholders receiving match funds also participated in the following year.

Accountholders used their deposits and the match funds for multiple purposes: emergency expenses (71 percent), regular household expenses (63 percent), child-based expenses (45 percent), and paying off debt (40 percent).

This type of account offers the potential for providing economic security to families with very low incomes. That potential is greater for those with sufficient earnings to qualify for a substantial EITC benefit, as evidenced by the fact that $aveNYC participants have a higher EITC (averaging $3,800) than those who do not participate. The low overall participation rate among EITC filers (11 percent) suggests a high degree of self-selection among potential participants.

Some portion of the very vulnerable family population could be helped by such a program, but it will be those who—despite having barriers to employment—are still able to maintain a level of employment that qualifies them for an EITC benefit of some magnitude. Other cities are now implementing similar programs under the common name of $aveUSA, which New York City has itself adopted for the continuation of its pioneering program.

Individual development accounts: American Dream Demonstration (Tulsa, Oklahoma, site experiment)

Individual development accounts (IDAs) were conceived as a way to promote saving and asset accumulation among low-income households (Sherraden 1991). An IDA participant receives match funds (typically, at a 1:1 or 2:1 match rate) when a withdrawal is made for specific asset purchases: first-time home purchase, the startup or expansion of a small business, postsecondary education, and (in some programs) retirement.

The IDA literature, most of which examines short-term outcomes (up to four years after program entry), finds that participating in an IDA program increases the likelihood of an individual becoming a homeowner. Using American Dream Demonstration (ADD) data from the Tulsa experimental site, Mills, Gale, et al. (2008) found that participation in the program raised homeownership rates among renters by 7 to 11 percentage points after four years. The income eligibility limit was 150 percent of the poverty level for sample members in this randomized design. A longer term (10-year) follow-up study of the Tulsa ADD site found that while most participants had positive homeownership outcomes, the control group caught up with IDA participants, so there were no long-term statistically significant differences in the homeownership rate (Grinstein-Weiss et al. 2011).

The literature has found mixed effects of IDA programs on the likelihood an individual starts or expands a business. In an early nonexperimental evaluation of IDA projects that receive federal funding under the Assets for Independence (AFI) Act, Mills, Lam, et al. (2008) found that the program effect on business ownership at the end of three years is 10 percentage points. However, an analysis of the ADD experimental data found insignificant treatment effects of IDA participation on business start-up or expansion after four years (Mills, Gale, et al. 2008).

The literature also does not provide consistent findings about the effects of IDA program participation on postsecondary educational advancement. An evaluation of Canada's Learn$ave IDA program finds that IDAs have a positive impact on enrollment in postsecondary education. The availability of match funds increased enrollment in a four-year university by 6.7 percentage points (Leckie et al. 2010). However, using the Tulsa ADD data through the fourth follow-up year, Mills, Gale, et al. (2008) found no significant treatment effects on enrolling in a degree or nondegree course.

What do these studies indicate about the potential for IDAs to help the vulnerable target populations of interest here? To the extent that any attention has been given to subgroup impacts, the findings suggest that it is the better-off members of the IDA-eligible population who are able to derive benefits from IDA participation. Specifically, the Tulsa data indicated that the sample subgroup with above-median household income had a significantly greater program effect than those with below-median income.

It is important to note, however, that IDAs have been implemented successfully in programs for specifically defined low-income target groups whose current earnings capacity may be very limited, including small-scale entrepreneurs, immigrants, disabled persons, and ex-offenders. Because the major evaluations have focused on larger mainstream programs, there is little specific evidence on the effectiveness of the smaller targeted IDA initiatives.

A major lesson learned through the available studies is that IDAs help those whose economic lives are stable enough to sustain a regular enough habit of savings—and can also protect those deposits in the face of financial emergencies—that they can ultimately make a matched withdrawal. Only about one-third of IDA participants ever make a matched withdrawal. One should certainly not rule out such strategies for the very vulnerable families, but we should expect that only a small share of these families is equipped to benefit from this program model.

Child development accounts: SEED Demonstration (Oklahoma statewide experiment)

Child development accounts (CDAs) seek to promote savings and asset accumulation targeted for children's future development. At a child's birth, a tax-advantaged 529 college savings plan account is automatically opened, and a program-funded initial deposit is made. (The account is not subject to tax if used for qualified education expenses for the child.) Additional incentives are then offered to low- and moderate-income families to encourage continued deposits into the account.

A number of evaluations of this program concept have been undertaken via the Saving for Education, Entrepreneurship, and Downpayment (SEED) demonstration. One of these studies is a statewide demonstration in Oklahoma, called SEED OK. The study sample was enrolled in 2007, with oversampling of African Americans, American Indians, and Hispanics. For newborns in the randomly assigned treatment group, an initial deposit of $1,000 was made into an automatically opened 529 account. (Parents were allowed to opt out of the account.) Additionally, a 1:1 savings match for deposits to support the child's education was provided to treatment group participants with adjusted gross income (AGI) below $29,000. The match rate was 0.5:1 for those with AGI between $29,000 and $43,499. Children born into the control group did not receive these benefits.

This long-term evaluation is in its early stages, but the preliminary findings are encouraging (Nam et al. 2011). Based on data collected approximately 18 months into the demonstration, the treatment group has shown significantly higher account-holding rates for 529 accounts and higher amounts of individual savings and total assets. Further, more disadvantaged groups, such as those with lower incomes or less education, often realize greater relative impacts when measured in proportional terms (Beverly et al. 2012). These initial results indicate that life-cycle savings strategies, beginning at birth, may enable families to accumulate assets for the future educational needs of their children. One virtue of such programs is the compounding of interest for long-term savings, in addition to the tax advantages and match funding.

D. What Lessons from These Evaluations Should Shape Future Interventions?

The first priority for these families, as an initial step toward asset building, should be creating a bank account (if not already banked) and developing even a small buffer stock of savings through intermittent deposits. These initial steps can enable a family to better respond to emergency needs and prevent small adverse events from compounding into major disruptions and hardships. By self-insuring against such shocks, the family may then be able to take further steps, including participation in asset-building programs that require a more regular savings habit.

Several principles seem most likely to define asset-building initiatives that help families take these first steps toward stability. Looking for initiatives that are closest to these models and then further refining them could be a promising approach, since as asset-building programs have gained broader adoption, there is a wider range of choice. In major metropolitan areas, for instance, there may be several IDA programs operating with AFI funding.

- The asset strategies most appropriate for this population have less demanding savings requirements and more generous financial incentives: lower initial deposits, less stringent conditions as to the regularity of savings, shorter waiting periods before accessing savings (and still receiving a match), fewer restrictions on the allowable uses of funds, and a higher match rate.
- Vulnerable families also require "higher-touch" interventions, with financial coaches or other case managers assigned to give one-on-one attention at frequent intervals. These program models are labor intensive, but any attempt to scale back the level of support services is likely to dilute the intervention below a minimum required intensity.
- Because the very vulnerable families addressed here will likely require savings incentives of varying types, given the multiple factors they must overcome, successful approaches may need to match families with the program best suited to their needs and capacities. Whether through financial coaching or other models, an individual program should be able to encourage families who are not best matched to its own model to access other, more appropriate programs.

In addition, a future direction worth exploring for this population is the combination of attention to savings with access to affordable borrowing. The market for "small-dollar credit" for low-income consumers is dominated by high-cost alternative financial services (AFS) providers: payday lenders, pawnshops, auto title lenders, and rent-to-own stores. They provide needed services but with very high fees and charges, and with products that often result in a repeated rollover of debt by the borrower. There is a significant need for innovation in the area of small-dollar lending to unbanked or underbanked consumers. (The latter are those with bank accounts but who still use AFS providers.) Mainstream financial institutions have tended to move out of this market, considering it not profitable under current regulatory rules.

One potential innovation is the coupling of savings incentives with improved credit access. For instance, IDAs could offer a limited line of credit (for instance, up to $500) at reasonable interest rates (below those charged by AFS providers) for those who can establish a regular savings habit via their IDA deposits. The recent Dodd-Frank legislation provides a vehicle for introducing such new approaches by authorizing loan loss reserves to community development financial institutions, some of which operate IDA programs.

V. Recommendations/ Options for AECF

The evidence presented in this paper highlights the opportunities that workforce development and asset strategies offer for very vulnerable families, who have so much to gain from greater economic stability. At the same time, the evidence also highlights the challenges and the gaps in existing interventions, policies, and the underlying research base. For example, a major challenge on the workforce side is that even highly successful workforce strategies do not bring these families up to a level of earnings that can stabilize their lives, given how far behind they start. On the asset side, strategies that work well for low-income families with stable employment have rarely been adapted for highly vulnerable families, even though "self-insuring" for emergencies could be extremely helpful for this latter group.

What should the Annie E. Casey Foundation do to fill these gaps? One promising role is to develop and test targeted interventions, redesigning promising approaches that exist now in the workforce and asset worlds to integrate the two kinds of strategies and add components to meet these families' needs. These interventions could initially be very small, with the goal of expanding as more is learned about effective approaches.

A second role is to seize a small number of targeted opportunities to inform national and state policy debates. We propose three such opportunities.

Finally, we have identified specific research gaps that hinder the design of more effective interventions and public policies. For example, these very vulnerable families probably require more intensive and therefore more costly interventions than less needy families—but that cost could also generate greater benefits. We simply don't know, because these benefits have not been studied, a knowledge gap that needs to be filled in order to support the Foundation's capacity to translate small-scale interventions into larger programs or policy changes.

A. Interventions

Workforce development and asset development interventions can play complementary roles for the most vulnerable families. Workforce development creates the possibility of long-term stability through employment, while asset development cushions against emergencies in the short run and permits longer-run investment in human capital (and potentially homeownership or microenterprise). Evaluations of both types of programs offer evidence that very vulnerable families have benefited (workforce development) or could benefit (asset development) from these services. The evaluations, along with broader evidence about the challenges facing these families, also offer insights about the adaptations and additions that would be needed for a combined initiative to succeed for the most vulnerable. Yet today, workforce development and asset development programs are typically implemented separately and without attention to the multiple needs of highly vulnerable populations.

Table 1 summarizes the changes needed to integrate the components and adapt them to succeed for these families, based on the three authors' reading of the evidence. The first three columns of table 1 show the parallel elements typically included in workforce development and asset development programs today. The last column shows the necessary additional focus that is required if these programs are designed jointly and with attention to a vulnerable client population. At the very end of the table are three new components, not included in typical workforce and asset programs today but recommended for inclusion in the new initiative, either within the core program or through partnerships.

Key design elements of the new intervention include the following:

1. **Services that are more flexible and multidimensional, more intensive, and more sustained over time.**

As noted earlier, common themes in studies of these vulnerable families include the frequency of multiple challenges and the variability of family circumstances over time. To respond to these challenges, the evaluation evidence just reviewed suggests that effective interventions need to be multidimensional in the range of services provided, more intensive than for less vulnerable families, and more sustained over time. Service delivery needs to be more personally tailored and directed to the client. Progress should be measured in smaller steps, and incentives need to be structured accordingly. Client achievements are likely to occur episodically. In this fits-and-starts pattern, staff need to be attentive to issues of self-confidence and self-esteem.

These observations are all consistent with the reports of providers in the Casey-convened learning sessions (Golden and Stanczyk 2011). In response to questions about how best to sequence activities—for example, should education come before workforce development, or counseling before job search?—service providers often emphasized the need to sequence flexibly, taking advantage of opportunities and responding effectively to crises. They argued that vulnerability to crisis and setbacks—as well as unexpected moments of progress and growth—is a core characteristic of families facing this many challenges, so programs need to be designed around it, rather than anticipating stability (even stability at a very low level of wellbeing) as the norm.

2. **Intensive and high-quality case management, provided through either the intervention itself or a partnership with another community program (e.g., a home visiting program)**

Both the evaluation findings (particularly for workforce development programs) and the evidence from the learning sessions suggest the key role of relationships between families and well-trained service providers. Individualizing services as suggested above, making choices about timing and sequencing, and keeping families engaged in a long-term agenda throughout the life crises that threaten to engulf them all require a high level of skill and a long-term, trusting relationship. For example, at the Chicago learning session, both the Housing Authority and the nonprofit service provider that carried out case management described the central role the case managers played and the fine-tuning required during the project to make sure they had the skills, back-up clinical support, and supervision to build successful relationships given the extremely high level of family need. Long-term relationships matter to successful service provision because families can develop enough trust to share sensitive information such as depression or another mental health problem (Golden, Hawkins, and Beardslee 2011) and because providers can see families through their ups and downs and have the time and detailed knowledge to bring in services and activities at points of family readiness.

For the newly designed workforce and asset interventions, these highly skilled and well-supported case managers could be in a partner agency (such as a home visiting program) that is already highly respected in the community, or they could be part of the new intervention—either as a separate case management component or possibly within the workforce or assets component (i.e., workforce development counselors or financial coaches trained and supported to do double-duty as case managers). Whichever the approach, families should be able to get to know case managers and stay with them over time.

Table 1. Implications for Joint Design of Workforce Development and Asset Development Programs

	Program focus, if designed *separately* and *without* attention to vulnerable populations		Additional focus, if designed *jointly* and *with* attention to vulnerable populations
	Workforce development	**Asset development**	
Typical program elements			
Basic education	Literacy, language proficiency, life skills	Financial literacy, money management, credit use	Flexibility to accommodate individual situations, smaller class sizes, attention to sequencing
Skill building	Occupational skills, job readiness, job search	Budgeting	Flexibility to accommodate individual situations, smaller class sizes, attention to sequencing
Treatment (prior conditions)	Substance abuse, mental health, criminal record	Credit repair	Attention to multiple needs, flexibility to sequence, build-in at multiple points, richer service mix (see additional elements below)
Case management	Job coaches, counselors	Financial coaches	Trust, intensity, and continuity of client-staff relationships, probably a higher level of case manager skills or clinical supervision/consultation
Ongoing engagement	Postemployment support	Preparation for asset purchase	Sustained over longer periods, anticipating pattern of fits and starts
Financial incentives	Wage subsidies	Savings matches	More generous and tied to smaller steps (see additional elements below)
Entry into mainstream (job market/financial services)	Unpaid or paid work activities	Setup of transaction account, savings account	Recognition of each step as a significant milestone
Additional program elements appropriate to vulnerable populations			
Basic financial needs	—	—	Improved access to benefits (TANF, Medicaid, SNAP, WIC, etc.). Potentially also include emergency income support in the program design.
Health and mental health services	—	—	Access to behavioral health and medical care for chronic conditions.
Special support for children (two-generational services)	—	—	Child care subsidy and linkages to high quality early childhood programs; linkages to child-focused interventions such as home visiting; linkages to school-based supports.

3. Additional components

Based on the evidence about highly vulnerable families and the evaluation evidence about programs that work, we recommend that the new Casey interventions include or partner with organizations that offer three additional components: access to health and mental health treatment, access to income support benefits (and, potentially, additional emergency financial support), and help for children, including high-quality child care and early childhood programs and school-based programs.

Strong health partnerships. Given the major health and mental health challenges faced by vulnerable families already described as a major common theme across all the definitions of vulnerable families, the workforce-asset interventions will likely need both a close relationship with a health care partner and a clear framework for how other demanding activities, such as job training, will handle health crises and ongoing chronic health needs. The workforce development initiatives summarized earlier offer various models for these relationships. Moving into 2014, when low-income adults will be gaining health insurance coverage including behavioral health, Casey-funded interventions may be able to build on strong health partnerships being developed at the state and local levels as part of health reform implementation.

Income support to meet basic needs. As we saw from the workforce development evaluations, even effective programs do not move these very vulnerable families up to a solid level of earnings and employment, at least not in the short run, because they start so far behind. Similarly, families can engage best in asset development programs when they can meet their most basic needs. Therefore, we suggest explicitly including strategies to promote access to benefits (such as SNAP and other nutritional supports, Medicaid, unemployment insurance, TANF, and child care, energy assistance, and housing subsidies) within the workforce and asset development intervention. Sustained program engagement requires a degree of financial stability that clients can better attain by receiving basic income support. In addition to supporting families' linkages with the large public benefits, the intervention itself should also consider families' income needs in the design of particular components. For example, emergency income support may need to be considered to keep families engaged in classroom training or other unpaid activities. On the asset development side, as suggested earlier, access to emergency lending may be a component of the savings strategy.

Focus on children as well as parents (two-generational design). Earlier evidence about the characteristics of vulnerable families highlighted the high level of risk to children's development in these families. In light of this high level of risk, we recommend that Casey-funded interventions should either develop program components that address direct support for children—for example, high quality child care and early childhood programs, home visiting, school-based supports—or be located where there are opportunities to build on strong existing partnerships.

This recommendation is consistent with a view expressed throughout the learning sessions by both providers and researchers, as they reflected on the importance of explicitly considering both generations—parent and child—in a very vulnerable family. They pointed out that staff focused on one generation may miss moments when the needs of the two generations are different—as when a parent benefits from a new environment but a child's life is disrupted—and they may not have the time and focus to create “virtuous cycles” where each generation’s success bolsters the other. With targeted help available for both generations, there should be fewer trade-offs—as when a mother can only improve her education by leaving her baby in a bad child care setting—and far more virtuous cycles, as when a mother’s growing self-confidence and her child’s regular experience of high-quality, stable care help them enjoy each other more and reinforce the mother’s reduced parenting stress and the child’s development.

Designing programs that are effective for children’s well-being and parents’ employment is not easy, but its potential benefits have led policymakers to keep trying. For example, Ascend at the Aspen Institute recently launched an initiative to stimulate two-generational programs, whether they grow from workforce initiatives that add a strong early childhood component or early childhood programs that add high-quality training and employment services (Ascend 2012). Implementation challenges that these programs need to solve include aligning missions—work and children’s well-being—that have traditionally been seen separately, cross-training child development and workforce staff so they understand each other’s skill sets and perspectives, and building programs that successfully respond to the extremely different developmental needs of children of different ages (for example, preschoolers compared to infants and toddlers, or elementary school compared to teens).[6] Currently, a number of two-generational initiatives are being or recently have been evaluated, including an Early Head Start workforce initiative in Kansas and Missouri (Hsueh and Farrell 2012) and a Tulsa, Oklahoma, program that combines sectoral training in the health professions with high-quality Head Start and early childhood programming (Glover, King, and Smith 2012).

4. Targeting

A further question is how to target these interventions. Should Casey pick specific groups of greatest interest among very vulnerable families? Should it offer an opportunity for local organizations to choose their own target groups?

Six targeting options emerged from the learning sessions, summarized by Golden and Stanczyk (2011). The nature of the services to be offered to these targeted families was left more open in the learning sessions, so these options were not discussed in the specific context of employment and asset development programs. Nonetheless, the six groups are interesting because they represent a variety of approaches to targeting, including identifying families based on the risk to children, the opportunity to change their trajectory, and the administrative convenience of finding them. The groups were 1) low-income pregnant or parenting youth, 2) TANF families facing sanctions (or other ways of identifying families about to become disconnected from employment or benefits), 3) public housing residents and voucher holders facing multiple barriers, 4) families with risk factors associated with child maltreatment or who have been investigated by child welfare, 5) disconnected families, and 6) two-generational services targeted through schools (Golden and Stanczyk 2011).

[6] For examples of these challenges and solutions designed by specific programs over a period that goes back to the late 1980s, see Golden (1992), Golden, Hawkins, and Beardslee (2011), and Hsueh and Farrell (2012).

We recommend that Casey consult with potential service providers in developing target groups, rather than choose in the abstract. We think that the implementation challenges at this initial stage are large, so a particular provider's capacity to engage a core group is at least as important as any abstract targeting criterion.

That said, we also recommend that Casey explore with potential providers one additional target group, based on emerging evidence and policy developments since the learning session. Specifically, because of the evidence that pregnant women and mothers of infants and toddlers may be overrepresented among highly vulnerable families (particularly the disconnected, as indicated earlier), that both parents and children in these families may be at a moment when intervention can have a substantial impact, and that their particular circumstances require specifically tailored strategies, we recommend that AECF consider designing an intervention to focus on these families. We also think that the expansion of home visiting under the Affordable Care Act offers a possible opportunity for partnerships between programs focusing on economic security and home visitors who can provide case management. Finally, the recent evaluation of a two-generational intervention combining Early Head Start and workforce development had its only employment effects for women who became involved during pregnancy or infancy (Butler et al. 2012).

Mothers could be identified during pregnancy or early infancy for an intervention that includes participation in an income support program enabling them to stay home from work for 6 to 12 months; establishment of a child development account; and services to support parenting, fill gaps in workforce skills and education, and take care of personal health and mental health problems. These services could be provided through a mix of home visiting and part-time activities in a community setting, with the goal of balancing care for the infant with preparation to re-enter the workforce. High-quality infant care, perhaps developed through partnership with an Early Head Start program, would be crucial for any out-of-home activities. At the end of the first year, the plan would include transition to a work placement and continued on-the-job development. The income support could come from the state TANF option to exempt mothers of infants from work requirements.[7]

B. Policy Opportunities

Based on the evidence and analysis in this paper, we have identified three potential opportunities for Annie E. Casey's work to inform public policy, at both the national and state levels. In the workforce arena, AECF should seek to ensure that all training and employment demonstrations include real access to high-quality child care, including the subsidies necessary so that vulnerable families can afford the care. No other strategies for vulnerable families with children can be effective for them without a clear commitment to and investment in child care.

In the assets arena, households with limited savings capacity are more likely to succeed in IDA programs with 24- or 36-month savings periods and less stringent rules on frequency of savings deposits than in shorter-term, more stringent IDA designs. Thus, AECF should be emphasizing the importance of "high-

[7] See Golden et al. (forthcoming) for a fuller discussion of the potential TANF linkages.

touch" strategies with a longer time horizon if the most vulnerable families are to be included, rather than limiting policy attention to the faster-track and lower-touch strategies that are typically more appealing to partnering financial sector institutions.

Finally, the policy decisions states are making right now (in 2012 and 2013) about health coverage and benefits for low-income populations under the Affordable Care Act are extremely important to the success of any economic security strategy for highly vulnerable families. We've seen that these families face major health and mental health problems and that successful programs pair work-focused activities with treatment. So states that choose to cover low-income families through Medicaid and to provide a full benefit package of health and behavioral health services will make it far easier to implement successful employment and asset initiatives for these families, particularly at a large scale. AECF should seek to inform states about the importance of health and mental health services to families' employment and income security and should work to link experts and advocates who understand the needs of very vulnerable families to state decision-making on implementation of the Affordable Care Act.[8]

C. Research Opportunities

While the existing evidence summarized in this paper provides early information to guide action, filling selected research gaps would greatly strengthen future policy and interventions. First, future studies of both workforce and asset development interventions should study what works for subgroups within the low-income population—to distinguish families that are particularly vulnerable from others with fewer challenges and, within the most vulnerable group, to move beyond "one size fits all" strategies and improve knowledge about the fit of interventions to needs. For example, do families whose greatest challenge is low functional literacy benefit from different or similar interventions than those whose challenge is chronic ill health or caring for a disabled child?

Second, future studies should pay more attention to costs and benefits of intervention tracked over a long period of time. For very vulnerable families, pay-offs may well require a longer period of more intensive intervention than for low-income families with fewer challenges—but the difference the intervention makes in the end could be greater. Such longer-term studies should track the effects on children as well as parents. This evidence will be crucial to gathering support for scaling up the pilot interventions we propose above.

Third, studies should home in on implementation challenges and solutions, such as the role child care plays in mothers' ability to take advantage or not take advantage of workforce interventions, and the role and effectiveness of community partners who provide intensive health, mental health, or other services and work closely with workforce development or asset development programs. Studies of this

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[8] AECF has generously supported a related paper by one of this paper's authors on the implications of the Affordable Care Act for families involved in the child welfare system. This paper, forthcoming in late 2012, will identify major issues that state and federal child welfare and health officials should focus on, given the needs of these families (Golden and Emam, forthcoming).

type should be practical, with a focus on lessons learned, and can play an important technical assistance role in helping the early pilot projects learn from each other.

Finally, studies that combine implementation and outcomes components can offer program administrators and policymakers guidance on interim measures of success—how to know if they are on track during what may be long period of intervention. The need for such measures came up often in the learning sessions: participants noted that when service strategies are complex, two generational, and play out over a long time, everyone involved, whether a family member, service provider, or administrator, needs interim ways to assess success. If it takes several years to get and hold a full-time job, what are the steps along the way that enable parents to feel they are making progress, service providers to assess and improve the quality of their work, and program leaders to add or revise components to the program? Researchers and practitioners have made some progress on these issues but felt a strong need for a careful review and guidance. (For example, Project Match in Chicago had developed interim success measures based on individual participant goals; the Chicago Housing Authority used measures of client satisfaction and service quality such as the take-up rate.) Throughout the sessions, participants constantly identified this question as one where the Casey Foundation could make a particularly important contribution.

VI. Conclusion

CCEO embarked on this project as part of its continuing search for ever-improved ways to make a lasting difference in the lives of low-income children. In particular, it sought interventions that would improve economic security for families that face major challenges beyond poverty, including parental health and mental health problems, homelessness, long-time disconnection from the world of work, and family violence.

Building on its highly successful track record of enhancing economic security for a broader group of low-income families, CCEO is in an excellent position to stimulate innovation and support promising initiatives for this group of families. Recent experiments in both workforce development and asset development have had promising results even for extremely vulnerable families facing such challenges as serious mental health problems and chronic illness. While there is certainly no cookbook and no program design that works for all vulnerable families, and while even the best initiatives tried so far have smaller impacts than we might want for the future, the evidence clearly indicates that better employment, earnings, and economic stability are possible for these families. Given the extraordinarily high stakes, and in particular the gloomy prospects that children in these families would otherwise face, it is particularly important to keep developing and testing the next generation of initiatives.

In addition, we conclude that CCEO could amplify its effect by considering targeted policy and research initiatives to complement the testing of individual initiatives. For example, CCEO could work to inform current policy debates in the states about low-income families' access to health and mental health treatment under the Affordable Care Act, which could greatly improve the chances that economic security initiatives for these families will succeed. On the research side, much remains to be learned about what works for which subgroups of families, about the benefits over time for parents and children, and about the interim measures of success that most accurately mark the pathway to long-term economic security.

The options we have laid out in this paper offer many choices of scale and focus. Underlying all of them, however, is our conclusion that CCEO's expertise, track record, and capacity position it well for this next challenge: enhancing economic security for the most vulnerable families.

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